

## Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-10 IO-13  
ISO-00 FEA-01 INT-05 OES-07 GSA-02 SP-02 USIA-06  
AID-05 NSC-05 TRSE-00 SS-15 STR-05 OMB-01 CEA-01  
CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02  
OPIC-03 LAB-04 SIL-01 DODE-00 PM-05 H-01 L-03  
PA-01 PRS-01 /160 W

-----080007 060433Z /21

R 050733Z OCT 77 CORRECTED COPY FOR MRN

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 6111

INFO AMEMBASSY TOKYO

AMEMBASSY JAKARTA

AMEMBASSY KINSHASA

AMEMBASSY LIMA

AMEMBASSY LUSAKA

AMEMBASSY PARIS

AMEMBASSY SANTIAGO

USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 1 OF 2 MANILA 15827

C O R R E C T E D C O P Y (MRN TO READ 15827 VICE 15817)

PARIS FOR USOECD

E.O. 11652: NA

TAGS: EMIN, ETRD, UNCTAD RP

SUBJECT: PHILIPPINE PARTICIPATION IN CIPEC

REF: A. 76 MANILA 5895, B. 76 MANILA 18066

1. SUMMARY: PHILIPPINES HAS BEEN INVITED TO JOIN CIPEC

THE GOP IS "STUDYING" THE MATTER. END SUMMARY.

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2. INDONESIA MINISTER OF MINES MOHAMAD SADLI AND CHILEAN  
MINISTER OF MINES ENRIQUE VALENQUELA BLANQUIER HAVE BOTH  
VISITED MANILA DURING THE PAST WEEK TO ASK THE PHILIPPINES  
TO JOIN THE INTER-GOVERNMENT COUNCIL OF COPPER EXPORTING  
COUNTRIES (CIPEC). BOTH CALLED ON PRESIDENT MARCOS.

3. ACCORDING TO PRESS REPORTS PRESIDENT MARCOS "ASSURED INDONESIA (VIA SADLI) THAT THE PHILIPPINES WOULD PARTICIPATE IN EFFORTS TO SOLVE THE PROBLEMS NOW FACED BY THE COPPER INDUSTRY, PARTICULARLY AS THESE RELATE TO ASEAN (BUSINESS DAY, SEPTEMBER 30, 1977). MARCOS TOLD BLANQUIER THAT "THE PHILIPPINES WAS 'INCLINED TO RECONSIDER ITS POSITION' IN RESPONSE TO A PERSONAL MESSAGE FROM CHILEAN PRESIDENT PINOCHET, PROVIDED 'WE COULD ASSURE THAT THE PLAN OF THE CIPEC WOULD NOT AIM AT THE ESTABLISHMENT OF AN INHIBITIVE OR RESTRICTIVE CARTEL, BUT WOULD HEW TO THE PRINCIPLE THAT HAS BEEN ADOPTED BY THE GROUP OF 77', WHICH MET IN MANILA IN JANUARY 1976", (BUSINESS DAY, OCTOBER 4, 1977).

4. PRESIDENT MARCOS ASKED BLANQUIER TO MEET WITH SECRETARY OF NATURAL RESOURCES JOSE LEIDO AND THE PRIVATE SECTOR MEMBERS OF THE CHAMBER OF MINES TO EXPLAIN THE "MECHANISMS, FUNCTIONS AND LONG-RANGE PLAN OF CIPEC". ALSO ACCORDING TO BUSINESS DAY, MARCOS ASKED THE COPPER PRODUCERS "ALL LISTEN TO ALL THESE EXPLANATIONS AND SUBMIT THEIR RECOMMENDATIONS TO THE NEDA (NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY)".

5. LOCAL COPPER PRODUCERS, SECRETARY LEIDO AND UNDER SECRETARY AGUENZA OF NATURAL RESOURCES, HAD A LUNCHEON MEETING WITH MINISTER BLANQUIER OCTOBER 4 IN RESPONSE LIMITED OFFICIAL USE

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TO PRESIDENT MARCOS' CALL. ACCORDING TO A RELIABLE INDUSTRY SOURCE, THE MINING EXECUTIVES HEARD BLANQUIER OUT, THEN NOTED THEMSELVES THAT CIPEC PERFORMANCE HAD NOT BEEN SATISFACTORY IN THE PAST, INDEED ITS OWN MEMBERS DID NOT HONOR ITS PRODUCTION CUT-BACK DECISIONS. WHILE THE DOOR TO CIPEC IS STILL OPEN, IT IS THE CONSENSUS OF THE PRIVATE SECTOR THAT THE PHILIPPINES HAS NO VALID REASON TO JOIN CIPEC AT THE PRESENT TIME. IT ALSO CAME OUT IN THE MEETING THAT SECRETARY OF NATURAL RESOURCES LEIDO IS SUPPORTING CIPEC MEMBERSHIP WHILE BUREAU OF MINES DIRECTOR FERNANDEZ IS OPPOSED. FERNANDEZ WAS NOT INVITED TO THE LUNCH.

6. COMMENT: THE PHILIPPINES IS OBVIOUSLY BEING COURTED BY ITS LDC BROTHERS TO JOIN CIPEC. THE GOP HAS NOT SEEN IT IN ITS INTERESTS IN THE PAST TO JOIN, CITING AS ITS REASON THAT THE PHILIPPINE COPPER INDUSTRY WAS ENTIRELY IN PRIVATE SECTOR HANDS AND COULD NOT BE MANDATED TO SUPPORT CIPEC INITIATIVES. (SEE PARA 4 REFTEL A). THE FACT THAT PAST CRTEC INITIATIVES HAVE BEEN INEFFECTIVE IN STABILIZING COPPER PRICES IS OBVIOUSLY NOT LOST ON THE GOP AS WELL.

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OPIC-03 LAB-04 SIL-01 DODE-00 PM-05 H-01 L-03  
PA-01 PRS-01 /160 W  
-----079992 060432Z /21

R 050733Z OCT 77  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 6112  
INFO AMEMBASSY TOKYO  
AMEMBASSY JAKARTA  
AMEMBASSY KINSHASA  
AMEMBASSY LIMA  
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AMEMBASSY PARIS  
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C O R R E C T E D C O P Y (MRN TO READ 15827 VICE 15817)

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7. LOCAL PRODUCERS ARE ALMOST ENTIRELY DEPENDENT (OVER  
80 PERCENT) ON JAPANESE SMELTERS AS A MARKET FOR  
PHILIPPINE COPPER CONCENTRATES. EMBOFF HAD A GROUP  
DISCUSSION WITH SEVEN LOCAL REPRESENTATIVES OF JAPANESE  
MINING AND METALS TRADING FIRMS LAST WEEK AND NONE WERE  
CONCERNED ABOUT THE POSSIBILITY OF THE PHILIPPINES JOINING

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CIPEC AND/OR CUTTING PRODUCTION IN RESPONSE TO CIPEC INITIATIVES. THEY WERE OBVIOUSLY GLOATING IN A BUYERS MARKET WHICH THEY PREDICTED WOULD NOT IMPROVE.

8. IN DISCUSSING FORTHCOMING VISITS OF MINISTERS SADLI AND BLANQUIER LAST WEEK WITH EMBOFF, DIRECTOR FERNANDEZ

OF THE BUREAU OF MINES SAID THE PHILIPPINES WOULD AGAIN BE INVITED TO JOIN CIPEC BUT OPINED AS HOW THE SITUATION REALLY HADN'T CHANGED FOR THE PHILIPPINES, THAT COPPER PRODUCTION WAS IN PRIVATE HANDS, AND THE PHILIPPINES COULD NOT SUPPORT A CARTEL THAT COULD POSSIBLY LIMIT ITS EXPORTS WHEN IT WAS SUFFERING SUCH A LARGE TRADE DEFICIT. THIS WEEK HE NOTES THAT DEPARTMENT OF RESOURCES, BUREAU OF MINES, AND CHAMBER OF MINES WILL CONTINUE TO STUDY THE POSSIBILITY, AND "HIGHER AUTHORITY" WILL EVENTUALLY DECIDE. THE CAUTIOUS "WILL STUDY IT" APPROACH MARCOS TOOK WITH BOTH SADLI AND BLAQUIER REINFORCES THIS ATTITUDE AND LEADS US TO CONCLUDE THAT THE PHILIPPINES HAS NOT, AND PROBABLY WILL NOT, FIND IT IN ITS INTEREST TO JOIN CIPEC SOON. WE CAN EXPECT TO SEE THE PHILIPPINES ATTEND THE DECEMBER CIPEC MEETING IN JAKARTA AS AN OBSERVER, THE STATUS THEY HAVE ENJOYED IN THE PAST MEETINGS. END COMMENT.  
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